

Message Text

PAGE 01 STATE 061184

20

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 CCO-00 /026 R

DRAFTED BY EB/ORF/FSE:PDTAYLOR;L:SMSCHWEBEL

APPROVED BY E:CWROBINSON

EUR - MR. H RTMAN

EB - MR. KATZ

S/S -O: APSHANKLE

----- 112477

O 190053Z MAR 75 ZFF5

FM SECSTATE WASHDC

TO USMISSION OECD PARIS IMMEDIATE

INFO AMCONSUL JERUSALEM IMMEDIATE

AMEMBASSY STOCKHOLM IMMEDIATE

AMEMBASSY BRUSSELS LONDON

C O N F I D E N T I A L STATE 061184

EXDIS TOSEC 731

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: IEA: SWEDEN'S POSITION ON MINIMUM PROTECTED
PRICE

REF: STATE 60040

PARIS FOR ENDERS AND BOSWORTH

1. SWEDISH AMBASSADOR COUNT WACHTMEISTER MET WITH UNDER-
SECRETARY ROBINSON MARCH 18 TO EXPLAIN SWEDISH POSITION
ON MINIMUM PROTECTED PRICE. WACHTMEISTER REPORTED THAT
GOS HAD DECIDED THAT IT COULD NOT PARTICIPATE AT THIS TIME
IN ANY DECISION THAT WOULD BIND IT TO A MINIMUM PROTECTED
PRICE. GOS BELIEVES THIS MATTER SHOULD NOT BE SUBJECT OF
AGREEMENT AMONG CONSUMERS UNTIL IT CAN BE DISCUSSED WITH
OIL PRODUCERS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 061184

2. ROBINSON EMPHASIZED THAT A GOVERNING BOARD DECISION
THIS WEEK ON A MINIMUM PROTECTED PRICE WOULD NOT COMMIT
IEA PCS ON EITHER THE LEVEL OR THE MODALITIES OF A MIN-

IMUM PROTECTED PRICE. IT IS AN AGREEMENT TO AGREE. IT WOULDNOT BE CONFRONTATIONAL WITH PRODUCERS, BUT IS IN FACT A PREREQUISITE FOR A SUCCESSFUL DIALOGUE WITH PRODUCERS. ROBINSON URGED WACHTMEISTER TO TRY TO CONVINCE

GOS TO REFLECT ON ITS POSITION AND, IF IT COULD NOT ACCEPT THE GOVERNING BOARD DECISION ON ACCELERATED DEVELOPMENT, TO ABSTAIN RATHER THAN VOTE AGAINST IT.

3. WACHTMEISTER SAID HIS GOVERNMENT HAD NO RPT. NO INTENTION OF VOTING AGAINST THE MEASURE AND THEREBY "WRECK IT". HE OBSERVED, HOWEVER, THAT THE GOS HAD TAKEN A POSITION THAT IT WOULD NOT BE BOUND ON THE MINIMUM PROTECTED PRICE AT THE PRESENT TIME, AND IT WOULD BE DIFFICULT, THEREFORE, TO EXPLAIN PUBLICLY WHY IT DID NOT AVAIL ITSELF OF THE EXEMPTION AVAILABLE UNDER ARTICLE 61 OF THE IEP.

4. SWEDISH NOTE LEFT BY WACHTMEISTER READS:

QUOTE. THE SWEDISH GOVERNMENT HAS CAREFULLY CONSIDERED THE PROPOSAL FOR COOPERATIVE MEASURES AIMED AT STIMULATING THE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES, WHICH WERE DISCUSSED AT THE MEETING OF THE GOVERNING BOARD OF THE INTERNATIONAL ENERGY AGENCY ON MARCH 6-7, 1975. THE MATTER HAS ALSO BEEN PRESENTED TO THE ADVISORY COUNCIL ON FOREIGN AFFAIRS. THE RESULT OF THESE CONSIDERATIONS CAN BE SUMMED UP AS FOLLOWS.

QUOTE. SWEDEN SHARES THE BASIC VIEW OF THE SAID PROPOSAL AS REGARDS THE NECESSITY OF DEVELOPING ALTERNATIVE ENERGY SOURCES AND OF TAKING MEASURES TO STIMULATE AND SECURE NECESSARY INVESTMENTS. WE ARE PREPARED TO TAKE SPECIFIC SUPPORTIVE MEASURES, WITHIN THE FRAMEWORK OF A WIDER COOPERATION, IN ORDER TO PROMOTE ENERGY INVESTMENTS. WE ALSO WANT TO COOPERATE IN RESEARCH AND DEVELOPMENT IN THE ENERGY FIELD, I.E., IN PROJECTS ON
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 STATE 061184

THE COORDINATION OF NATIONAL R & D EFFORTS.

QUOTE. WE WOULD RATHER SEE THE GOVERNING BOARD TAKE A UNANIMOUS DECISION IN THIS MATTER. ON ONE POINT THE SWEDISH GOVERNMENT IS NOT PREPARED TO ACCEPT THE PROPOSAL WHICH HAS BEEN WORKED OUT WITHIN THE GOVERNING BOARD, NAMELY WHERE IT IMPLIES THE ADOPTION OF A METHOD REFERRING TO "A CERTAIN AGREED PRICE LEVEL" UNDER WHICH IMPORTED OIL MUST NOT BE SOLD WITHIN THE PARTICIPATING COUNTRIES OF THE IEA. WE DO NOT CONSIDER IT NECESSARY TO DECIDE NOW UPON A SPECIFIC METHOD FOR STIMULATING INVESTMENTS IN ALTERNATIVE ENERGY SOURCES. THE PRESENT

OIL PRICE GIVES A CONSIDERABLE AND SUFFICIENT INCENTIVE TO INVESTMENTS. A SUBSTANTIAL LOWERING OF THIS PRICE CANNOT BE FORESEEN. WE TAKE THE VIEW THAT THE WHOLE QUESTION MUST BE CAREFULLY STUDIED IN ORDER TO GET A BASIS FOR JUDGING HOW DIFFERENT METHODS WILL FUNCTION IN PRACTICE AND WHAT NATIONAL AND INTERNATIONAL CONSEQUENCES THEY MAY HAVE. AS YET NO SUCH STUDIES HAVE BEEN UNDERTAKEN.

QUOTE. AS REGARDS SWEDEN, IT CAN ALREADY BE STATED THAT THE ESSENTIAL DECISIONS ON THE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES WILL BE TAKEN WITHOUT FIXING A PRICE FLOOR ON IMPORTED OIL. WE ALSO FIND IT NATURAL THAT THE MATTER BE DISCUSSED - WITH AN OPEN MIND - WITH BOTH THE OIL EXPORTING COUNTRIES AND SUCH CONSUMER COUNTRIES AS ARE NOT MEMBERS OF THE IEA BEFORE A DECISION IS TAKEN. THE OIL EXPORTING COUNTRIES HAVE, ON SEVERAL OCCASIONS, STRESSED THE NECESSITY OF DEVELOPING

ALTERNATIVE ENERGY SOURCES, AND CAN THEREFORE BE EXPECTED TO BE PREPARED TO TAKE PART IN CONSTRUCTIVE DISCUSSIONS.

QUOTE. FOR THESE REASONS, THE SWEDISH GOVERNMENT IS NOT PREPARED AT THIS STAGE TO TAKE A DECISION ESTABLISHING A FLOOR PRICE ON IMPORTED OIL. ACCORDING TO THE SWEDISH VIEW, THE DECISION SHOULD BE LIMITED TO STATING THAT THE PARTICIPATING COUNTRIES RECOGNIZE THE NEED TO TAKE SPECIFIC MEASURES IN ORDER TO SECURE
CONFIDENTIAL
CONFIDENTIAL

PAGE 04 STATE 061184

INVESTMENTS IN ALTERNATIVE ENERGY SOURCES. THE NATURE OF SUCH MEASURES CAN BE DECIDED UPON ONLY AFTER CAREFUL STUDY. THE DECISION ON THESE MEASURES OUGHT TO BE TAKEN IN THE LIGHT OF THE DEVELOPMENT OF THE DISCUSSIONS WITH THE OIL EXPORTING COUNTRIES AND CONSUMER COUNTRIES OUTSIDE THE IEA AND OF THE CONSENSUS WHICH THEN CAN BE REACHED. WE DO NOT NOW WISH TO PRESENT A REVISED DRAFT PROPOSAL WITH THE AMENDMENTS WE WOULD LIKE TO BE ADOPTED. IN CASE OUR VIEW IS ACCEPTED, WE ARE PREPARED TO DISCUSS AT THE COMING MEETING OF THE BOARD HOW A DECISION, WHICH TAKES CARE OF OUR POSITION, CAN BE FORMULATED.

QUOTE. IN CASE THE OTHER PARTICIPATING COUNTRIES OF THE IEA WOULD NOT ACCEDE TO OUR STANDPOINT, WE WOULD NOT, OF COURSE, HINDER A DECISION IN THE MATTER. IN SUCH A CASE WE ARE, HOWEVER, OBLIGED TO DISSOCIATE OURSELVES FROM THE DECISION IN ACCORDANCE WITH ARTICLE 61, IN WHICH IT IS SAID THAT DECISIONS IMPOSING NEW OBLIGATIONS ON PARTICIPATING COUNTRIES MUST BE TAKEN UNANIMOUSLY,

BUT THAT SUCH DECISIONS MAY PROVIDE THAT THEY SHALL
NOT BE BINDING ON ONE OR MORE PARTICIPATING COUNTRIES.
END QUOTE.

5. COMMENT: IN CALL EARLIER MARCH 18 ON SCHWEBEL AND
OTHER DEPARTMENT OFFICERS, SWEDISH ECONOMIC COUNSELOR CURT
LIDGARD OFFERED "PERSONAL OPINION" THAT ISSUE OF AP-
PEARANCE OF HIS GOVERNMENT'S INDEPENDENCE OF ACTION IS
MORE IMPORTANT THAN THE SUBSTANCE OF THE COMMON MINIMUM
PROTECTED PRICE ITSELF. HE HELD OPEN POSSIBILITY THAT
SWEDEN COULD ACCEDE TO A DECISION ESTABLISHING THE PRIN-
CIPLE OF A FLOOR PRICE LATER AFTER FURTHER STUDY REMOVED
ANY APPEARANCE THAT SWEDEN HAD BEEN STAMPEDED INTO IT.
HE MENTIONED THAT NEW INTERNAL TAXES ON ENERGY NOW BEING
IMPOSED SHOULD ASSURE THAT SWEDISH PRICES WILL BE ABOVE
ANY PROBABLE LEVEL OF COMMON MINIMUM PROTECTED PRICE.

6. LIDGARD TOOK NOTE OF DEPARTMENT'S SUGGESTION THAT
STOCKHOLM BE URGED TO CONSIDER ABSTENTION IN LIEU OF
EXEMPTION FROM THE APPLICABILITY OF THE DECISION UNDER
ARTICLE 61, PARA. 2(A). SUCH ABSTENTION COULD PRESERVE
CONFIDENTIAL
CONFIDENTIAL

PAGE 05 STATE 061184

SWEDISH IMAGE OF INDEPENDENCE WITHOUT EXEMPTING IT FROM
BOUNDS OF DECISION. DEPARTMENT PARTICIPANTS SUGGESTED
THAT, IF INTERNAL TAXES IN ANY EVENT WILL PLACE SWEDISH
PRICE ABOVE ANY COMMON FLOOR PRICE, GOS COULD EXPLAIN
THAT THE FACT THAT SWEDEN IS BOUND BY A DECISION ON
WHICH IT ABSTAINED IS OF NO PRACTICAL IMPORTANCE.
LIDGARD THOUGHT EVEN THIS WOULD RISK EXCITING OPPOSITION
OF SWEDISH CRITICS OF GOS PARTICIPATION IN IEA, AND THAT,
IN ANY CASE, IT WAS UNLIKELY THAT SUCH A POSITION COULD
BE ADOPTED IN TIME FOR GOVERNING BOARD MEETING MARCH
19-20.

7. IN RESPONSE TO A QUERY ON WHETHER SWEDEN WOULD BE
WILLING TO AGREE TO DEFERRAL OF MEETING WITH PRODUCERS,
PREPARATORY OR PLENARY, PENDING COMPLETION OF FURTHER
STUDY OF MINIMUM PROTECTED PRICE PROPOSAL WHICH IT SEES
AS NECESSARY, LIDGARD SAID HIS GOVERNMENT COULD NOT
LOGICALLY OPPOSE SUCH A DELAY UNDER THE CIRCUMSTANCES.
HOWEVER, GOS FAVORED EARLY DIALOGUE WITH PRODUCERS, AND
WOULD SEE ANY DELAY ON ACCOUNT OF SWEDEN'S VIEW OF THE
FLOOR PRICE AS AN "EXCUSE", AS "A TEMPEST IN A TEAPOT".
LIDGARD CONCEDED THAT A FLOOR PRICE DID NOT AFFECT
SWEDISH NEUTRALITY, BUT (AND THESE VIEWS OF LIDGARD
SHOULD BE PROTECTED) INTIMATED THAT REAL DIFFICULTY OF
GOS IS APPEARANCE OF BEING RUSHED INTO DECISIONS AT
BIDDING OF USG. HE REMARKED THAT JOLLES (SWITZERLAND)
HAD EXPRESSED SIMILAR CONCERNS AT RECENT DINNER IN PARIS.
AT SAME TIME, HE SAID HE DID NOT HAVE THE IMPRESSION

THAT GOS OBJECTIONS TO THE FLOOR PRICE ARE NECESSARILY
SUBSTANTIVE OR WOULD BE INDEFINITELY MAINTAINED.

8. WHEN DEPARTMENT PARTICIPANTS STATED THAT THEY SAW
DISCUSSIONS WITH PRODUCERS ON THE ACCEPTABILITY OF A
FLOOR PRICE CONCEPT AS QUITE INAPPROPRIATE, LIDGARD SAID
HE DOUBTED GOS WOULD PRESS THAT IDEA IF THERE IS RE-
SISTANCE TO IT BY IEAPCS. HOWEVER, AMBASSADOR WACHTMEISTER
RETURNED TO THIS POINT IN HIS CONVERSATION WITH UNDER-
SECRETARY ROBINSON.

9. WE INCLINE TO THINK THAT WE CAN EXTRACT NOTHING
BETTER FROM GOS THAN A DECISION UNDER ART. 61, PARA. 2(A)
CONFIDENTIAL
CONFIDENTIAL

PAGE 06 STATE 061184

THAT FLOOR PRICE ASPECT OF DECISION IS NOT BINDING UPON
SWEDEN, THOUGH WE SHOULD CERTAINLY TRY. WE SUGGEST USDEL
MAY WISH TO CONSIDER WHETHER THE DECISION CAN BE SO FORM-
ULATED THAT SWEDISH EXEMPTION CAN RELATE ONLY TO FLOOR
PRICE PASSAGES, SINCE WACHTMEISTER EMPHASIZED THAT
SWEDEN IS GENERALLY IN ACCORD WITH ACCELERATED DEVELOP-
MENT OF ENERGY RESOURCES. MOREOVER, DESPITE TERMS OF
ART. 61 THAT "DECISIONS...MAY PROVIDE THAT THEY SHALL NOT
BE BINDING ON ONE OR MORE PCS", WE WOULD HOPE THAT THE
DECISION ITSELF WOULD NOT SO STATE BUT THAT ITS CURRENT
INAPPLICABILITY TO SWEDEN COULD BE NOTED IN STATEMENT
BY DAVIGNON. WE FURTHER SUGGEST THAT IT WOULD BE USE-
FUL TO ELICIT FOR GB RECORD STATEMENT BY SWEDISH DEL THAT
ITS INTERNAL MEASURES WILL PLACE SWEDISH ENERGY PRICE
ABOVE ANY PLAUSIBLE FLOOR PRICE. END COMMENT. INGERSOLL

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, DIPLOMATIC DISCUSSIONS, INVESTMENTS, PRICES, TOSEC 731
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE061184
Document Source: ADS
Document Unique ID: 00
Drafter: EB/ORF/FSE:PDTAYLOR;L:SMSCHWEBEL
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750095-0018
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750399/baaaaguz.tel
Line Count: 252
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ENRG, SW, IEA
To: OECD PARIS INFO JERUSALEM
STOCKHOLM
BRUSSELS LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006